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Chinese International Students' Attitudes towards Online Travel Agencies in the U.S.A.

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Feinstein Graduate School

Final Research Project

“Chinese International Students’ Attitudes towards Online Travel Agencies in the U.S.A”

A Research Paper Submitted in Partial Fulfillment

For Course RSCH5500, Professor Martin Sivula, Ph.D.

Weixin Xin and Yun Lin

February 11th, 2013

Abstract

With the development of travel industry in America and influx Chinese international students in the U.S., more Chinese international students tend to have different attitudes towards travelling in the United States. This research study drew a random sample (N=50) of males (n=25) and females (n=25) who were administered a student perception questionnaires. Measures were obtained on Chinese international students' attitudes toward online travel agencies in the U.S., and the “new mode” of travelling. Eighty-five percent of the participants were Chinese students in Johnson and Wales University-Providence, RI, U.S.A. Fifteen percent of the participants were Chinese students in other universities in America. The results of the survey questionnaire indicate that 60 percent (30% strongly agree and 30% agree) of the sample prefer to use online travel agencies to guide their trip. Thirty-four percent of sample would try a “self-drive” tour to travel in America. Results indicate that most Chinese students in the U.S. would like to try both the new mode of travelling and the traditional way of travelling- following the tour group (which has shown decline by young tourists). At the same time, travel agency managers should consider personal safety and price factors to conduct their business since these two factors account for 44% and 34% of the sample respectively...as the top two most important factors for Chinese international students.

Key Words: U.S. travel industry, Chinese International students, online travel agencies, Travel behavior.

1. Introduction

With the development of Chinese economy and the relationship between the Sino-US, there are an increasing number of Chinese students attending colleges and universities in the United States. The influx of Chinese students definitely has brought economic benefits to the United States. According to Johnson (2011), Chinese students make up the largest group of international students in America's universities, makes up 22 percent of all international students (total of 723,277 international students in America). At the same time, the numbers of Chinese students who come to the U.S. to study have also increased year by year.

During the economic recession, especially after the year of 2007, because the value of the dollar is reducing, many families in China treat the U.S. as their first choice for their children to study abroad. Although the general economic situation is not good in the United States, this is good opportunity for education industry to expand their benefits. Meanwhile, the increasing numbers of Chinese students are contributing to the American economy, and the travel industry of America is a good example of this beneficiary.

Berg stated in China Daily that with trend forecasters such as the Boston Consulting Group declaring that by the end of 2013, China will become the world's second-largest travel and tourism market. With the U.S at the top of China's "long-haul" travel destinations list, more and more U.S hoteliers and tourism boards are expressing their welcome. According to a joint 2012 study by China Travel Trends, Dragon Trail, China Outbound Travel Research Institute and the Pacific Asia Travel Association, the average Chinese tourist is younger, more educated, more international, and affluent.

With the increasing number of Chinese students in the U.S, the travel industry of U.S appears to be an extremely new situation. Chinese students' parents come to the U.S to attend their children's graduation ceremony and most of them will take a trip in the U.S. The traditional way for Chinese tourists is to go on group tours. According to the Hotels.com Chinese International Travel Monitor (2012) report, however, 59% of Chinese tourists traveling to the U.S in the past year were independent travelers.

This paper focuses on Chinese International students in the U.S. and makes a survey about their attitudes toward traveling in the U.S. The results of survey will provide some suggestions for people who are working in travel and tourism industry or other related areas.

2. Statement of Problem

In order to address the attitudes of the Chinese students towards online travel agencies, the first question raised in this study is: What motivates Chinese students to travel while they are studying abroad? The main purpose of this research is to find out what might lead to an increase popularity of online travel agencies with Chinese students, but also determine how the existence of online travel agency would affect the student's life.

Research questions

What motivates Chinese travel and in which mode do they prefer to travel?

What might influence the Chinese students when they plan their travel?

Which price range is more attractive for Chinese international students to travel?

3. Review of Literature

The travel and tourism industry plays an important role in recovering economy in the U.S. To calculate tourism's value correctly, some tourism officials are turning to a new method, rather than relying on industry data or consultant's reports. According to Price (2006, January), some states use "satellite accounts" to measure the supply side as well as demand side of tourism business. Satellite accounts were initiated by the International Tourism Organization and adopted by the United Nations Statistical Commission in 2000 (Price, 2006). Therefore, as Zemanek (2012, June) stated in U.S. satellite accounts, the travel and tourism industry can be measured by the real output of goods and services sold directly to visitors- increased 3.1% in 2011 after increasing 2.9% in 2010. Among these data, the international tourists account for a large majority of the statistics.

During 2010 and 2011, there was an increase of 28.40% of Chinese students studying in the United States. The total number of Chinese students has increased from 153,312 to 196,857 (Choudaha, 2012). Growth in international student enrollment is not restricted to large states like California and New York; non-traditional destinations, including Montana, Oregon and Colorado, are also witnessing significant growth due to more aggressive institutional outreach efforts, and state policy reforms that allow for the enrollment of more international students in public institutions (Choudaha, 2012). With that being said, an increase on percentage of Chinese students traveling within the United State during their school holidays is predictable.

On the one hand, in the field of traditional agencies, they prefer to provide services to customers by face to face methods. In general, tourists just need to pay and then follow the tour groups. To maximize the destinations in a certain period of time, traditional tour agencies have to

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minimize the travel time for every destination. Members of the online segment who are booking regularly on the Internet have different characteristics. Tourists do not benefit from traditional travel agency consultants' convenience, but tourists can get a lower price for their journey as well as autonomy for their trip. Moreover, tourists who prefer to use online travel agency must know more about the Internet technology, and most young tourists whose age are 20-35 years old are more familiar with Internet technology. Students, especially college students make up a large majority of the Internet users. (Mayer & Zins, 2009)

On the other hand, a traveler's vacation decision is a complex process involving, among other factors, an individual's perceptions, past experience, motivations, information search attitudes and intention. According to Ah & Pei (2005), Chinese tourists motivation can be divided into four groups, they are Family/ Relaxation Seekers, Novelty Seekers, Adventure/ Pleasure Seekers and Prestige/Knowledge Seekers. Family/ Relaxation Seekers are the most promising group of tourists. Every year, many Chinese international students' parents visit U.S. to attend their children's graduation ceremony or take a trip; hence this group can be treated as the most important group for U.S. travel industry.

According to Shields (2011), her research indicates that college student travel market could be extremely profitable since this market has not been researched sufficiently. College students are an attractive market segment for tourism marketers as students have more leisure time available for travel, especially during spring and summer breaks. In addition, the student market represents approximately 20% of the all international travelers. Students also attract others to destinations. Friends and relatives of students often travel because of those students... and may represent a lucrative travel segment. However, little is known, in general, about the

travel preferences of college students. Therefore, it makes perfect sense to research on what online travel agency should do to expand the college student travel market.

For Chinese students, studying in the United States “involves more than simply taking classes;” they also need to “adapt or adjust to a socio-cultural system which is different from their own” (Yuan, 2011). This also applies to the previous literature since they have the same theory with regards to the challenges Chinese students will be facing when they study abroad.

Findings from nine studies revealed that English fluency seems to be a significant variable related to the adjustment of international college and university students in the United States (Andre de Araujo, 2011). The ability of speaking English fluently could have a direct impact on the choices students seek for help from travel agencies to plan their trip since traveling in America does requires some degree of English. Moreover, an adjustment is needed when a Chinese student moves from one country to a new environment. This move could be stressful since they are facing not only a brand new environment, but also a totally different language.

To understand the students' travel behavior, it is necessary to analyze the decision-making process. According to widely used models of the consumer decision-making process this will be motivated by particular needs and desires, which lead to search for information, the evaluation of alternative and the choice of product. In the case of tourism, this product may include attractions and activities, accommodation and transport, purchased either as a holiday package or bought as separate elements by an independent traveler. The individual decision will be influenced by a range of personal, social, market, economic and cultural factors (Xu, Morgan, Song, 2009).

4. Method

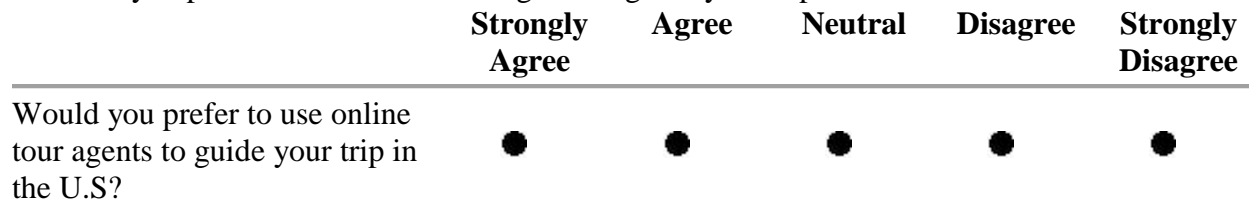
We have randomly selected 25 male and 25 female Chinese students from our university. A survey has been designed and passed to each one of the students. The following is an example of our survey regarding on this research project. Furthermore, the chart below indicates the results of our survey. We decided to use the most commonly known five-point Likert item scale as: Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree to indicate the Chinese students' behavior towards traveling.

Survey questions

1 Gender

- ☐ Male
- ☐ Female

2 Would you prefer to use online tour agents to guide your trip in the U.S?



3 Which mode you prefer to plan your trip in the U.S.?

- ☐ Follow the tour group
- ☐ Individual traveler

4 What would you consider first when you plan your travel

- ● Personal Safety
- ● Reasonable Price
- ● Accommodation
- ● Transportation

5 Would you prefer to rent a car and drive along rather than joining the tour group?

| | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Would you prefer to rent a car and drive along rather than joining the tour group? | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> | <input checked="" type="radio"/> |

6 How much have you spent on one trip (Duration can be 7-10 days in summer or winter vacation)?

- ☒ Less than \$1000
- ☒ \$1000-\$2000
- ☒ \$2000-\$3000
- ☒ \$3000-\$4000
- ☒ More than \$4000

7 What online travel agent do you usually browse?

- ☒ Tufeng 途风
- ☒ AAA
- ☒ Southwest
- ☒ Priceline
- ☒ Expedia

5. Results

Figure 1 indicates the total numbers and gender of students participated in this survey. According to Figure 2, there are 30 % of students who strongly believe that online tour agents are needed when they plan their trip and the results are the same for the Agree column. On the other hand, only one student believes that the online tour agent is not necessary. By referring to Figure 3, 31 students would travel alone rather than joining the tour group. Larger majority of students (22 out of 50, 44%) believe that personal safety is what they would consider first when they travel and also the price of a trip is another major factor that would influence their decision.

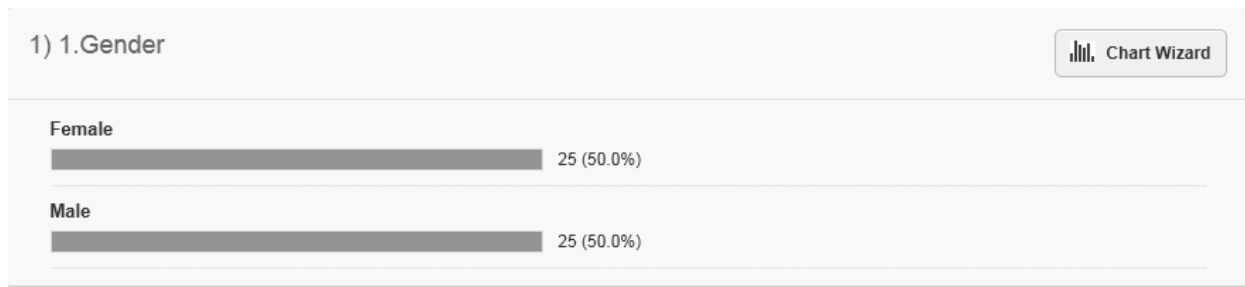


Figure 1. Gender.

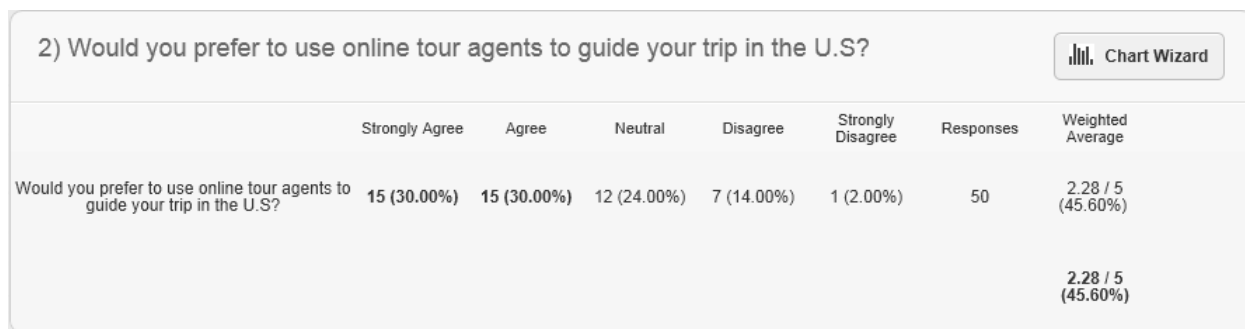


Figure 2. On-Line Tour Agents

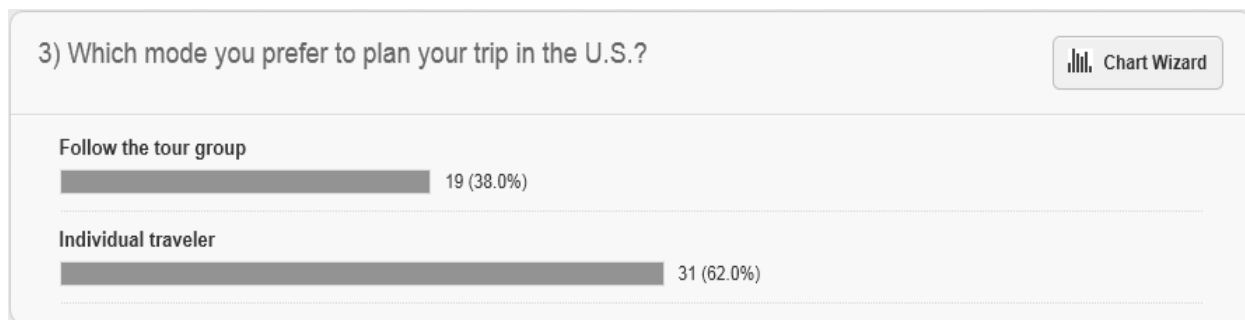


Figure 3. Mode of Travel

By comparing the results from Figures 3 and 5, we are able tell that the car rental is very popular when it comes to traveling, since America is a country run by gasoline. Twenty-eight students prefer to go with a car rental when they travel according to Figure 5, this also proves our

“theory” when Chinese students travel, they tend to travel by themselves or with friends and the possibility of renting a car is high, but it also depends on where the destination is.

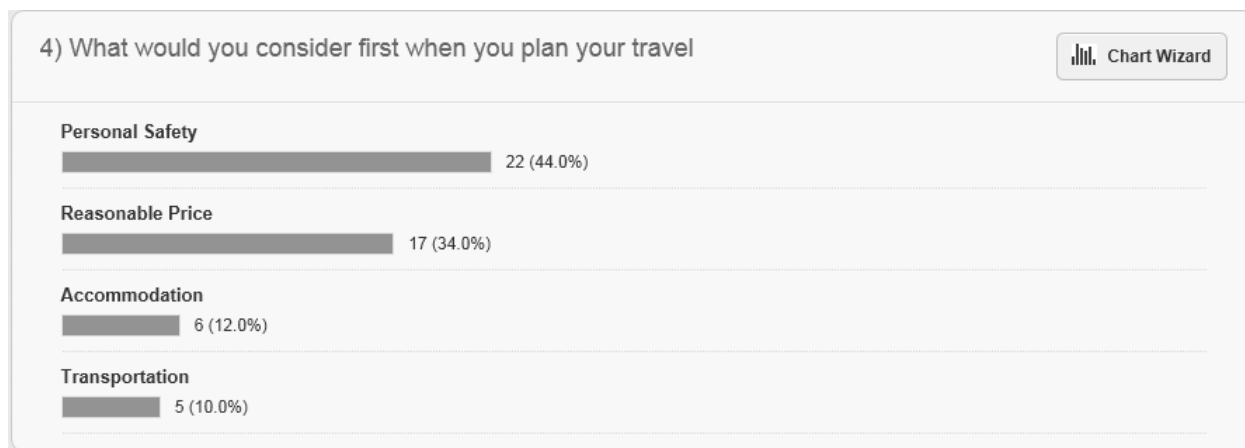


Figure 4. Considerations for Planning Travel



Figure 5. Renting a Car

By studying Figure 6, we are able to identify what kind of price range students usually accept when they travel, the price range between \$1000-\$2000 has been selected the most of the time (28 out of 50, 56%). In the last Figure 7, we have listed several well-known online travel agencies for our students to choose from. This would help us to find out which online travel agent is popular within the student group. As a result, Tufeng (44%) came away as the most popular Website since it is the largest Chinese online travel agency in America. Priceline (28%) came in second as the most popular agency since they offer low price accommodation, and their

consumers enjoy the process of bidding.

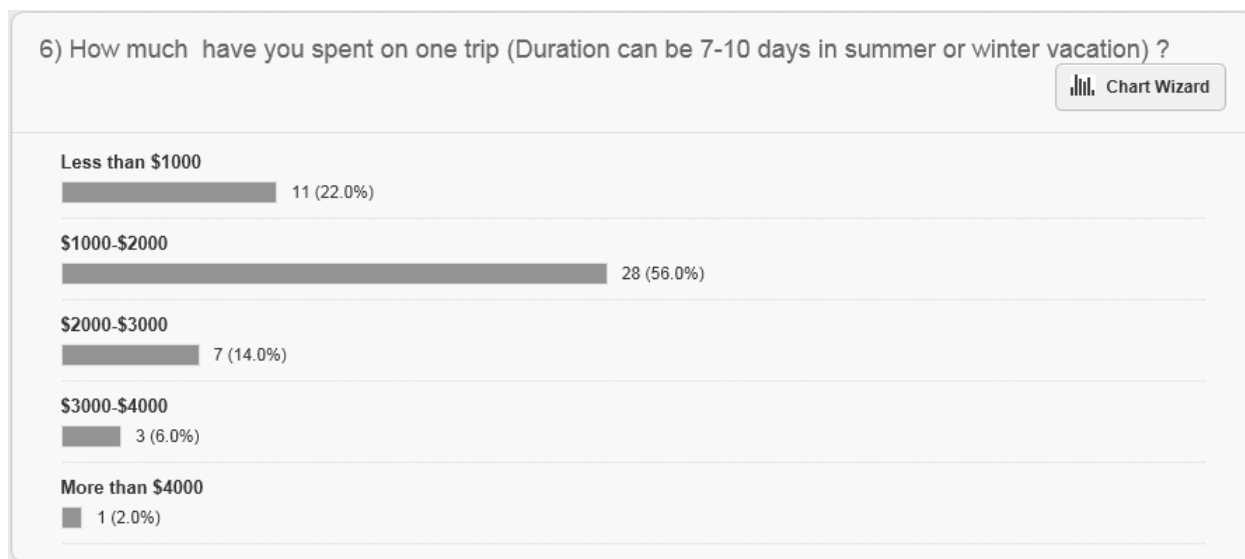


Figure 6. Spending on Trips

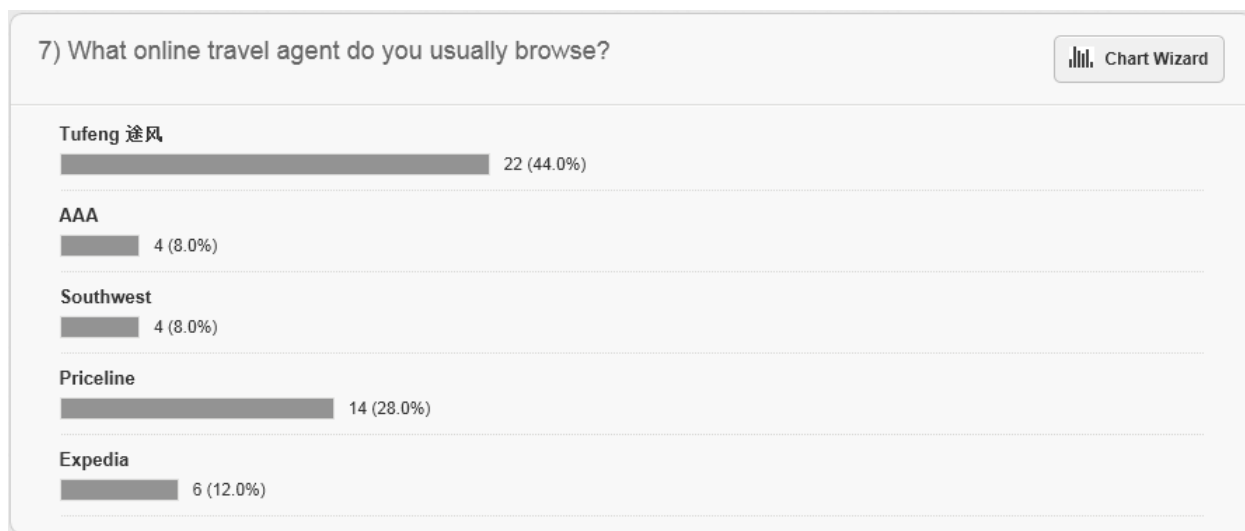


Figure 7. Online Travel Agent

Problem 1: What Chinese students' attitudes toward online travel agencies?

Analysis: From the Figure 2, there are 30% of students strongly believe that online tour agents are needed when they plan their trip and same for the Agree column, and there are 30% of

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Chinese international students agree this statement. On the other hand, only one student believes that online tour agent is not necessary.

Results: It is obvious that there are 60% of Chinese international students showed the positive attitudes towards using online travel agencies to guide trip. So if people who plan to open travel agencies, it is important to adopt online technology to develop company's businesses.

Problem 2: Which mode you prefer to plan your trip?

Analysis: This problem reflects Chinese students' attitude toward two modes of travel, traditional way and the new way. Generally, traditional way of travelling is pay for the travel agency and the tourists just follow the tour groups. The new way of travelling is self-organized which can be called "individual travelers." In this mode, tourists have more independent rights to plan their route, control their budget, and take full use of their time to travel. It is obvious that 31 Chinese international students which accounts for 62% of the sample would like to become individual travelers.

Results: To attract and retain Chinese students' tourists, managers of traditional travel agencies should come up with ideas about how to provide more rights and choices for tourists to choose. For people who want to use new mode of travelling, they can collect different individual information together in one online website. For people who still prefer to follow the tour groups, this convenience is the most significant factor for them to make their decisions. Therefore, while providing an influx of independent travelling information for the Chinese students, supporters of new travelling mode should also take the factor of convenience into the consideration.

Problem 3: What would you consider first when you are travelling?

Analysis: There are so many sectors in travel industry, however, which one is the priority for Chinese students in the U.S. According to the survey, 22 students account for 44% of the sample think the personal safety is the priority. Seventeen or 34% of the sample think that a reasonable price is the priority. Twelve percent of Chinese students think accommodation is the first thing to consider and 10% of the sample chooses transportation.

Results: To provide better services for students, managers of travel agencies should take personal safety as the most important factor for their business. Therefore, they can provide insurance program for tourists. For tourists who like to drive for travel, they can attract tourists by providing reasonable price auto insurance.

Problem 4: Would you prefer to rent a car to drive alone rather than joining the tour group?

Analysis: Seventeen Chinese students account for 34% of sample strongly agree this statement, and 22% of sample agrees this statement. Therefore, there are a total 56% of the sample that prefer to rent a car to travel in the U.S. rather than following the groups.

Results: The United States is a country on ride, and it is not convenient for people who do not own a car. Moreover, the public transportation is not so developed in some areas of the U.S.; tourists have to rent cars to support their travelling. The self-driving travel belongs to new mode of travelling, tourists can go wherever they want, and they do not need to listen to the travel guide, but plan by themselves. So to managers of travel agencies, should cooperate with some auto rental companies to provide transportation preferences for clients.

Problem 5: How much have you spent on one trip (Duration can be 7-10 days in winter or summer vacation)

Analysis: By studying Figure 6, we are able to identify what kind of price range students usually accepts when they travel, the price range between \$1000-\$2000 has been selected the most of the time (28 out of 50, 56%).

Results: This problem is to show which price is more reasonable for Chinese tourists in the U.S.A. Therefore, for managers who want to set price for their travel products, they should know which price is more attractive for student tourists, and which price is more competitive in the travel industry. The range below \$1000 is more attractive for student tourists who do not have many travel experiences and income.

Problem 6: What online travel agent do you usually browse?

Analysis: Tufeng came as the most popular website since it is the largest Chinese online travel agency in America. Most Chinese students still prefer to use Chinese website since the website is run by Chinese company. Moreover, not every student knows how to drive. Student who attends tour groups could also listen to Chinese tour conductors about the history of America. Priceline is more popular among all Native American OTA (online travel agencies) since it provides new mode for tourists to bid the luxury hotels or tickets with incredible low price. Customers can enjoy the excitement of the bidding process.

Results: For travel agents and managers whose target customers are Chinese international students in the U.S., they can provide selected or limited travel products with bidding prices for tourists, this is a good way to promote awareness, while bringing more benefits to their business.

Conclusion

To a certain extent, this survey can reflect Chinese students' attitudes and motivation toward online travel agencies in America. The traditional way of travelling- following the tour groups is convenient for tourists. However, due to different public environments and cultures, Chinese students have more options regards on traveling. More Chinese students prefer to adopt new mode of travelling such as self-organized travel and self- drive travel. They can collect travel information from the online travel agencies and then control their price in a certain range.

This study contains several limitations. First, the time was limited; three to four weeks for collecting the surveys were not enough. Second, the total of 50 questionnaires were administered, however, most of them are from Johnson and Wales University, only limited number of students are from University of Pennsylvania and University of New Orleans. There might be some difference due to the location of Universities since different student groups would have different influence on each member of the group. Third, this research did not consider student's psychological state which may affects their choices of travelling. If one student went to traveling, the others might imitate or behave in a similar fashion.

To travel agencies managers, they can provide some new modes travel products to attract Chinese students' tourists and provide competitive and attractive price. They can corporate with auto rental companies to provide special price for Chinese students or they can take online technologies such as Priceline to increase the customer's experiences on products.

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